

SECTION: REQUIREMENTS

SUBJECT: FEDERAL REQUIREMENTS

PROCEDURE NO: REQ-102

II. Federal Requirements

A. Legal Requirements

Legal requirements concerning the various federal funds are defined within each of the Congressional Acts creating the funds. In addition, regulations and policies are formulated by both state and federal agencies to further guide the users of the funds. To list all the legal requirements, regulations, and policies regarding the various federal funds would be outside the scope of this manual.

B. Regulations

To obtain information regarding the regulation of federal programs, reference should be made to:

1. State plans for the various programs;
2. Coded regulations in the Missouri State Register;
3. Regulations of the US Secretary of Education;
4. Legislation which established the programs; and
5. Federal Registers.

C. General Requirements

Generally the following requirements are inherent in federal programs:

1. Each revenue source requires separate and identifiable accounting records;
2. Federal Acts providing revenues contain a uniform provision that such revenues will not be commingled with other state and federal funds so as to lose their identity to a particular granting act;
3. Revenue from federal sources may not be used to reduce or supplant program effort by the local education agency;
4. Federal funds generally require separate identification and reporting within the local education agency's audit report; and
5. Local and state revenues used for matching federal expenditures also require separate identification and accountability.

MISSOURI FINANCIAL ACCOUNTING MANUAL

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D. Fund Accounting

Federal funds shall be incorporated within the fund structure identified by GAAP and by Missouri statutes. Separation from local and state transactions shall be maintained by the usage of a unique project code on all such federally related transactions. The divisions of the Department of Elementary and Secondary Education which administer the programs will assist the local education agencies in obtaining information regarding the federal programs. For further information on certain federal programs managed by the Department of Elementary and Secondary Education, please review the contents of Section FPA -800, Federal Program Accounting.